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COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 819 final

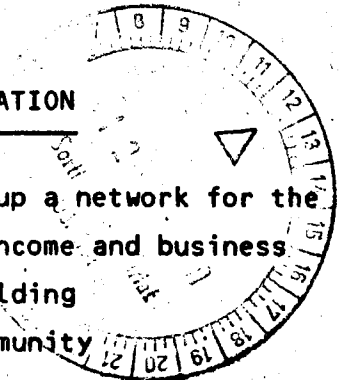
Brussels, 5th December 1980

REPORT BY THE COMMISSION TO THE COUNCIL

on the Farm Accountancy Data Network FADN

PROPOSAL FOR A COUNCIL REGULATION

amending Regulation No 79/65/EEC setting up a network for the collection of accountancy data on the income and business operation of agricultural holding in the European Economic Community



STATEMENT BY THE COMMISSION

for inclusion in the minutes of the Council meeting at which the draft regulation amending Regulation No 79/65/EEC is adopted

(presented by the Commission to the Council)

COM(80) 819 final

1

Report by the Commission to the Council

on

the Farm Accountancy Data Network

FADN

1. Article 23 (1) of Council Regulation (EEC) No. 79/65/EEC of 15 June 1965 (2) setting up a network for the collection of accountancy data from farms, hereinafter called the "basic Regulation", laid down that before 1 January 1980 the Commission was to submit to the Council a full report on the operation of the FADN (3). The Commission was unable to submit a report by that date and undertook, in a communication to the Council dated 29 November 1979, to do so by 31 December 1980. It presents this report in accordance with that undertaking.
2. The FADN has been subjected to a thoroughgoing review during the past two years with a view to improving its organization and operation in the light of experience (see Annex I).

The review was particularly concerned with the following points:

- the need for more reliable and more up-to-date information;
 - the accession of Greece;
 - the changeover to a new computer (ICL replacing IBM).
3. The review has led to the adoption of a number of amendments to the FADN. The changes relate mainly to the method of work of the Commission staff concerned with the FADN and to improvements in the quality of the information supplied by the network; Annex II to this report summarizes these changes.

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(1) Article last amended by Council Regulation (EEC) No. 2910/73, OJ No. L 299, 27.10.1973, p. 1.

(2) OJ No. 109, 23.6.1965, p. 1859/65.

(3) The Commission's previous report to the Council on the operation of the FADN dates back to 26 September 1972, doc. SEC(72) 2800 final, Part A.

4. Other changes require amendments to the rules. The purpose of this report is to describe and explain the need for these changes. The Commission's formal proposals to the Council are presented at the same time.

Objectives of the FADN

5. The purpose of the FADN is to collect the accountancy data needed with a view, in particular, to:
 - (a) an annual determination of incomes on agricultural holdings,
 - (b) an analysis of the efficiency of management of agricultural holdings.
6. The Commission considers that these objectives remain entirely valid. What the FADN should be used for is no problem; the problem is to make the best possible use of this unique instrument in the shaping and day-to-day management of the CAP and for assessing the impact and effectiveness of the measures adopted, and to this end the Commission is directing its efforts.

In particular, it intends using the FADN both for determining farm incomes (Chapter II of the basic Regulation) and for analysing the efficiency of agricultural holdings (Chapter III of the basic Regulation).

7. In this connection the Commission is of the opinion that the data supplied by the FADN should be accessible to all who are concerned with the CAP. It therefore envisages placing them in one or more data banks accessible to all concerned, both within the institutions of the Community (European Parliament, Council, Commission, Court of Justice, Economic and Social Committee and Court of Auditors) and outside (national authorities, trade organizations, research centres, etc.).

It goes without saying that the data banks will be created in such a way as to satisfy fully the requirements of confidentiality laid down in Article 15 of the basic Regulation (secrecy of individual data).

Field of survey for the determination of incomes

8. The FADN at present surveys the individual farm accounts of 28 000 (1) holdings, providing the main occupation of at least one worker (0.75 MWU in some Member States).

Experience leads the Commission to propose using a single criterion for demarcating the FADN field of survey, namely the economic size of the holding measured in ESU (1 European size unit = 1 000 EUA of standard gross margin) (2), and confining the field of survey to holdings of a minimum size in terms of ESU (see Annex III).

9. Each Member State has a national accountancy sample for determining incomes. In some cases, the sample covers the field of survey better because it includes more returning holdings than are communicated to the FADN. The Commission considers that all national accountancy samples should be incorporated into the FADN. The FADN will, as a result, have a larger number of returning holdings than at present.

Expansion of the FADN accountancy sample may require adjustments to some national accountancy samples.

10. In some regions of the Community it is very difficult to find a sufficient number of holdings willing to keep farm accounts. The Commission considers that the common measure provided for in Article 11 of Directive 72/159/EEC (aid for the keeping of farm accounts) (3) should be developed in these regions.

To that end it will arrange for provisions to be adopted to develop the keeping of farm accounts, in particular:

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(1) This number will be raised to 31 000 on 1 January 1981 and gradually increased to 35 200 by 1 January 1985 (accession of Greece).
(2) Commission Decision of 7 April 1978 establishing a Community typology for agricultural holdings, OJ No. L 148, 5.6.1978, p. 1.
(3) OJ No. L 96, 23.4.1973, p. 1.

- in connection with the implementation in the regions in question of other common measures such as the development of agricultural advisory services in Italy (1),
- in connection with specific agricultural development schemes in less-favoured areas such as the West of Ireland (2), Northern Ireland (3), and certain regions of Italy (3).

FADN results

11. In order to improve the reliability and comparability of FADN results, the Commission proposes:

- (a) that the accounting year, which at present begins on different dates during the first six months of the year, be synchronised in all Member States as soon as possible;
- (b) that the methods of calculating certain accountancy data be better harmonized.

12. To speed up publication of FADN results, the Commission proposes:

- (a) that checking and correction of accountancy data be done by the Member States, using a common program;
- (b) that the Member States forward the accountancy data as soon as they are available, even if they are incomplete or only provisional;
- (c) that the national networks and the FADN be interlinked in an appropriate manner.

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(1) OJ No. L 38, 14.2.1979, p.6.
(2) OJ No. L 180, 14.7.1980, p. 1.
(3) Proposal before the Council.

13. To improve the significance of the FADN results, the Commission has decided to use only weighted and updated results in future (see Annex II to this report). A study is currently being made with the aim of finding better methods for the joint interpretation of FADN results and the EUROSTAT figures on agricultural accounts.

Organization of the FADN

14. The Commission intends that the Community Committee for the FADN (Article 17 of the basic Regulation) should be fully involved in the analysis of the results, and in particular in the assessment of the incomes situation. The number of meetings will be kept to a strict minimum; on technical and routine questions, simplified procedures (bilateral contacts, exchange of correspondence, working groups) will be preferred.
15. The Commission considers that the regional committees provided for in Article 5 of the basic Regulation are not necessary in all Member States; it proposes that they become optional and that a national committee be set up in each Member State to select the returning holdings.

Conclusions

16. The Commission requests the Council to proceed to a broad exchange of views on this report and to take decisions as soon as possible on the measures proposed. It gives notice of its intention to request the funds required for improving the organization and operation of the FADN in its 1982 budget proposal.
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C. ACTIVITIES

classification of holdings
selection of returning
holdings
appointment of accountancy
offices
keeping of accounts
preparation of farm returns

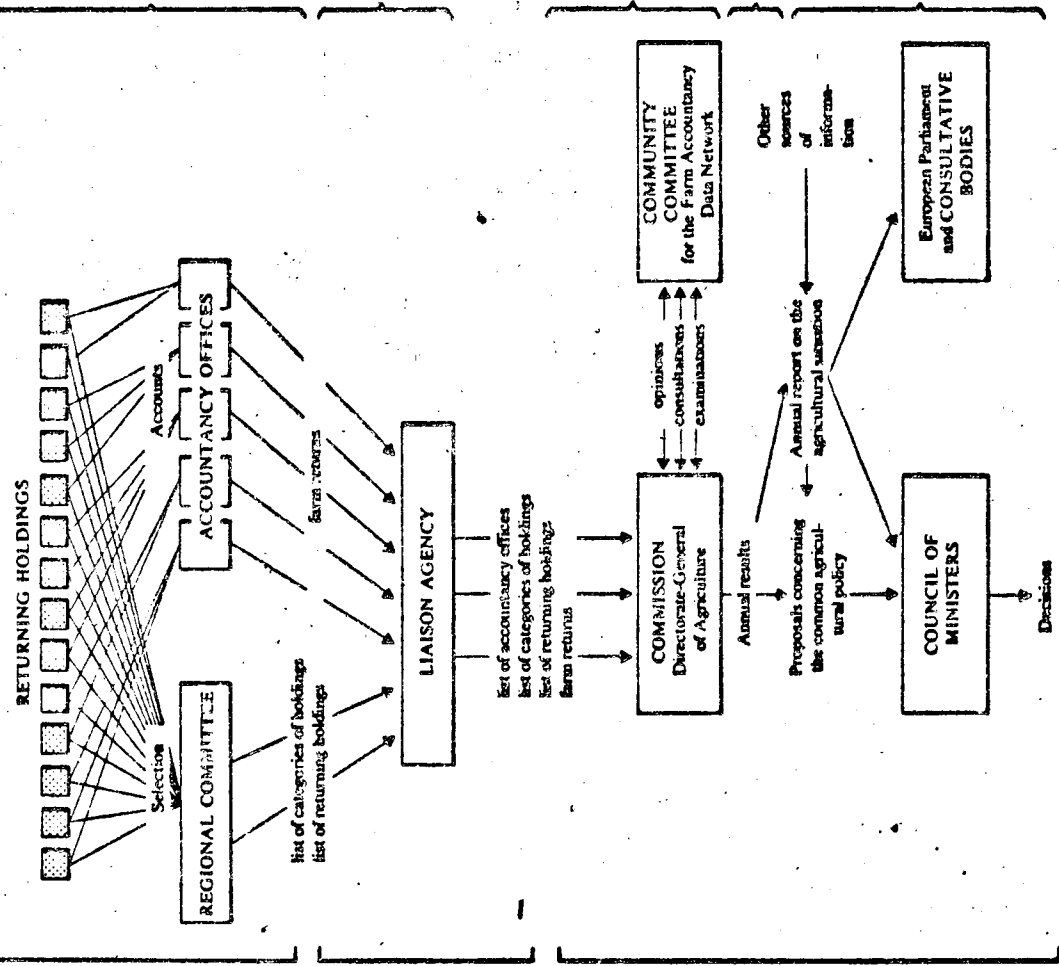
assembly
verification
forwarding
of material
prepared by
Regional
Committees and
accountancy
offices

assembly
verification
analysis
of material
forwarded
by liaison
agencies

presentation of
results

utilization of
results for purposes
of the common
agricultural policy

B. BODIES



A. LEVEL

Division (regional level)

II. State (national level)

III. Community (Community level)

Annex II
Internal changes in the FADN
implemented by Commission staff

1. Data Processing

- The old IBM programs have been adapted for use in the new ICL computer at the Computer Centre.
- The verification and correction programs for the new farm return are now operational, and are available to Member States.

2. Conversion of data from the old farm return

The changing of the farm return could cause a break in the continuity of the data; with a view to minimizing this break in continuity, Commission staff are currently aligning accountancy data for 1969 to 1977 on the new farm return.

3. Weighting and aggregation of results

A method of weighting has been devised by the Commission staff and has been used for weighting the results currently available for the period 1969-1977.

4. Updating of results

There is a certain delay before accountancy results reach the Commission; Commission staff have now worked out a way of updating results. An internal study is to be undertaken with the aim of putting the finishing touches to this technique.

5. Joint interpretation of macro and micro-economic results

The Directorate-General for Agriculture and the Statistical Office of the European Communities are studying the relationship between FADN results and the EUROSTAT figures on agricultural accounts with a view to joint interpretation of data from the two sources.

6. Exchange of officials between national networks and the FADN

Commission staff are looking into the possibility of arranging exchanges between officials from the national networks and the FADN.

Annex III

FADN FIELD OF SURVEY

Technical considerations for a new demarcation

1. The FADN field of survey is a subdivision of the field of survey of the Community structures survey. It must comprise all holdings which can be observed through their accounts and which are directly or indirectly involved in the CAP.
2. Pursuant to Regulation No. 79/65/EEC the FADN field of survey comprises holdings which:
 - are run as market-oriented holdings,
 - provide the main occupation of the operator,
 - ensure the employment, on an annual basis, of at least one worker (one MWU); this threshold may, however, be lowered to 0.75 MWU (1).
3. The multiplicity of the criteria adopted in 1965 for demarcating the FADN field of survey resulted, among other things, from the absence of an adequate Community data base. For lack of such a base moreover, the criteria adopted have not all been correctly applied hitherto. With the results of the 1975 structures survey classified on the basis of the new Community typology for agricultural holdings, the Community does now have an appropriate data base.
4. This base has also led to the discovery of an artificial criterion: the "economic size of the holding", which, expressed in terms of ESU (one European Size Unit = 1000 EUA of standard gross margin) suffices on its own to serve the purposes of previous criteria.

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(1) The following Member States have made use of this possibility (threshold of 0.75 MWU): Italia, Nederland, Danmark and Ireland.

5. It is not possible to exclude from the FADN field of survey, as was initially intended, all part-time holdings. This is not a drawback, however, because these holdings are also of interest for the CAP provided that they exceed a certain economic size.
6. It may in future be desirable to demarcate the FADN field of survey on the basis of the same number of ESU in all Member States, but at present the selection of an identical number of ESU throughout the Community would not satisfy the condition referred to in paragraph 1.

Most of the holdings which can be observed on the basis of their farm accounts and which are of interest for the purposes of the CAP fall within a field of survey as follows:

holdings \geq 4 ESU	all Member States
	except:
\geq 2 ESU	Ireland and Northern Ireland
\geq 1 ESU	Italy and Greece.

7. In the light of the foregoing the Commission recommends that for the purposes of demarcating the FADN field of survey:

- 1) a single criterion be adopted: the economic size (ESU)
- 2) the minimum values indicated above be applied.

These limits may be reviewed when the standard gross margins used hitherto are revised.

The use of different limits for the field of survey will require certain precautions to be observed in the presentation of FADN results.

Proposal for a Council Regulation
 amending Regulation No 79/65/EEC
 setting up a network for the collection of accountancy data
 on the income and business operation of agricultural holdings
in the European Economic Community

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
 and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas Council Regulation No 79/65/EEC¹, as last amended
 by Regulation (EEC) No 2910/73², set up a network for the collection of
 accountancy data on the incomes and business operation of agricultural
 holdings in the European Economic Community;

Whereas, at a time when price movements are both rapid and divergent,
 accountancy data cannot be properly compared unless the relevant account-
 ing periods are synchronized;

Whereas, if improved comparability is to be achieved between the accounting
 results furnished by the data network and the results of national farm
 accounts, the calendar year must be chosen as common accounting period;
 whereas such a choice, which is consistent with the practice followed
 by a large majority of returning holdings, will also have the advantages
 of rendering the accounting results available to the Commission in time
 for the preparation of its annual proposals relating to the common agri-
 cultural policy;

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¹OJ No 109, 23.6.1965, p. 1859/65.
²OJ No L 299, 23.10.1973, p. 1.

Whereas a certain amount of time is required to make this alteration to the accounting period;

Whereas the field of survey of the data network must comprise all the holdings of a certain economic size, irrespective of any outside work the operator may engage in;

in order
Whereas, to obtain accounting results that are sufficiently homogeneous at Community level, the returning holdings should be distributed among the various divisions and the various categories of holdings on the basis of a stratification of the field of survey based on the Community typology of agricultural holdings as defined by Commission Decision 78/463/EEC¹;

Whereas all the returning holdings studied in the Member States for the purposes of recording farm incomes in order to provide guidelines for agricultural policies must belong to the Community data network and the number of returning holdings must be increased accordingly; whereas it must be possible to vary the said number within certain limits according to developments in the field of agriculture and the information required for the common agricultural policy;

Whereas holdings must be selected in accordance with the rules laid down in the context of a selection plan aimed at obtaining a representative accounting sample of the field of survey;

Whereas, in view of experience gained, it is desirable that the main decisions concerning the selection of returning holdings, particularly the establishment of the selection plan, should be adopted at national level; whereas, consequently, it is at that level that a body should be made responsible for this task; whereas those Member States which have several divisions should, however, be free to maintain their regional committees;

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¹OJ No L 148, 5.6.1978, p. 1.

Whereas the national liaison agency must play a key role in the management of the data network; whereas, to this end, it should be entrusted with new tasks;

Whereas experience shows that it is no longer desirable to make provision for supplementary terms to be included in the contract to be made between the Member State and the accountancy offices;

Whereas the divisions of the data network must, as far as possible, be identical with those used for the presentation of other regional data that are essential for the guidance of the common agricultural policy; whereas, in this respect, the Annex to Regulation No 79/65/EEC should be amended, using the "régions de programme" as divisions for France.

HAS ADOPTED THIS REGULATION:

Article 1

Regulation No 79/65/EEC is hereby amended as follows:

1. Article 2(a) shall be replaced by the following:

"(a) 'Accounting year' means a period of twelve months beginning on 1 January and ending on 31 December. However, until 1 January 1985, the accounting year may begin at any time between 1 January and 1 July, to end between 31 December and 30 June of the following year."

2. Article 2(b) shall be replaced by the following:

"(b) 'Category of holding' means a group of agricultural holdings which belong to the same categories as regards type of farming and economic size as defined in the Community typology for agricultural holdings established by Commission Decision 78/463/EEC."

3. Article 4 shall be replaced by the following:

"1. The field of survey referred to in Article 1(2)(a) shall cover the holdings having an economic size equal to or greater than a threshold expressed in European size units (ESU) as defined by Decision 78/463/EEC.

2. To qualify as a returning holding, an agricultural holding shall:

(a) have an economic size equal to or greater than a threshold to be determined in accordance with paragraph 1;

(b) be farmed by a person willing and able to keep farm accounts and willing to allow the accountancy data from his holding to be made available to the Commission;

(c) be representative, together with the other holdings and at the level of each division, of the field of survey,

3. The number of returning holdings shall be fifty thousand; however, the number may vary by up to ten per cent above or below that figure.

4. Detailed rules for the implementation of this Article, in particular the threshold for the economic size of holdings and the number of returning holdings per division, shall be adopted in accordance with the procedure laid down in Article 19."

4. Article 5 shall be replaced by the following:

Article 5

"1. Each Member State shall, within two months of the date of entry into force of this Regulation, set up a national committee for the data network, hereinafter called "national committee".

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2. The national committee shall be responsible for the selection of returning holdings. To this end, its duties shall include approval of:

(a) the plan for the selection of returning holdings specifying in particular the distribution of returning holdings per category of holding and the detailed rules for selecting the said returning holdings,

(b) the list of the returning holdings,

(c) the list of the accountancy offices referred to in Article 6.

3. The Member States which have several divisions may, for each of the divisions under their jurisdiction, set up a regional committee of the Data Network hereinafter called "regional committee".

The regional committee shall be responsible for cooperating with the liaison agency referred to in Article 6

- in drawing up the list of returning holdings,

- in selecting the returning holdings.

4. Where necessary, detailed rules for the implementation of this Article shall be adopted pursuant to the procedure laid down in Article 19."

5. Article 6 shall be replaced by the following:

Article 6

"1. Each Member State shall appoint a liaison agency whose duties shall be:

(a) to inform the national committee, regional committees and accountancy offices as to the detailed implementing rules concerning them and to ensure that such rules are properly applied;

(b) to compile and submit to the national committee for its approval and thereafter to forward to the Commission:

- the plan for the selection of returning holdings; this plan shall be drawn up on the basis of the most recent statistical data, presented in accordance with the Community typology of agricultural holdings,

- the list of returning holdings,

- the list of the accountancy offices willing and able to complete farm returns in accordance with the terms of the contracts provided for in Articles 9 and 14;

(c) to muster the farm returns sent to it by the accountancy offices and to verify on the basis of a common inspection programme that they have been duly completed;

(d) to forward, after verification, the duly completed farm returns to the Commission;

(e) to pass on to the national committee, regional committees and accountancy offices the requests for information mentioned in Article 16 and to forward the relevant answers to the Commission.

2. Detailed rules for the implementation of this Article shall be adopted in accordance with the procedure laid down in Article 19'

6. The second subparagraph of Article 9(2) is hereby repealed.

7. The first indent of Article 16(1) is hereby amended as follows:

"1. The national committee, regional committees and accountancy offices shall, within their respective areas of responsibility, furnish the Commission with all information which the latter may request of them regarding the discharge of their duties under this Regulation."

8. Article 20 shall be replaced by the following:

"1. The Community Committee shall be consulted;

(a) for the purpose of verifying that the plans for the selection of returning holdings are in conformity with the provisions of Article 4;

(b) for the purpose of analysing and evaluating the weighted annual results furnished by the data network, while having regard in particular to data deriving from other sources such as farm statistics and national farm accounts.

2. The Community Committee may examine any other matter raised by its Chairman, either on his own initiative or at the request of a representative of a Member State.

It shall examine once a year, in October, the trend of farm incomes in the Community, referring in particular to the up-dated results of the data network.

It shall be kept regularly informed of the working of the data network."

9. Article 22(2) shall be replaced by the following:

"2. Costs in respect of the setting up and operation of the national committee, regional committees and liaison agencies shall not be included in the Community Budget.

10. In Article 23, "1 January 1980" is hereby replaced by "1 January 1990".

11. The ten divisions in the Annex concerning France are hereby replaced by the following twenty-two divisions:

- 1 Région Ile de France
- 2 Champagne-Ardenne
- 3 Picardie
- 4 Haute-Normandie
- 5 Centre
- 6 Basse-Normandie
- 7 Bourgogne
- 8 Nord-Pas de Calais
- 9 Lorraine
- 10 Alsace
- 11 Franche Comté
- 12 Pays de La Loire
- 13 Bretagne
- 14 Poitou-Charentes
- 15 Aquitaine
- 16 Midi-Pyrénées
- 17 Limousin
- 18 Rhône-Alpes
- 19 Auvergne
- 20 Languedoc
- 21 Provence-Alpes-Côte d'Azur
- 22 Corse

Article 2

This Regulation shall enter into force on 1 July 1981. It shall apply with effect from the 1982 accounting year.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

Annex

Statement by the Commission for inclusion
in the minutes of the Council meeting at
which the draft regulation amending
Regulation No 79/65/EEC is adopted

1. Definition of the field of survey

The economic size thresholds for holdings corresponding to the limit of the field of survey of the FADN are the following:

- 4 ESU in Germany, France, Belgium, Luxembourg, Netherlands, Denmark, United Kingdom (except Northern Ireland)
- 2 ESU in Ireland and Northern Ireland
- 2 ESU in Italy and Greece.

These thresholds will be revised when the standard gross margins used for the Community typology of agricultural holdings are updated.

2. Community typology of agricultural holdings

The scheme of types of farming in the Community typology of holdings adopted by Commission Decision 78/463/EEC of 7 April 1978 will remain in force unchanged at least until 1 January 1985.

The standard gross margins and the size class limits will be updated by referring to the three year period 1979-80-81.

The standard gross margins updated in this way will be used for the processing of accountancy data from the year 1980 onwards. However, to ensure the continuity of statistical series, the accountancy data for 1980 will also be processed, on a priority basis, using the current typology. The same arrangements will be made for the 1979/80 structures survey.

3. Number of returning holdings by Member State

The returning holdings from 1982 onwards break down as follows: Germany, 11 500; France, 6 500; Italy 15 000; Belgium, 1 700; Luxembourg, 500; Netherlands, 1 800; Denmark, 2 000; Ireland, 1 300; United Kingdom, 3 700; Greece, 4 400.

